





**Kiggavik Project Update
Company Success and Vision for Small Business in
the Kivalliq**

Kivalliq Trade Show
Rankin Inlet, November 19-21, 2012



What is the AREVA Kiggavik Project?

▶ Proposed uranium mining and milling operation

Workforce of 600 for the operation, with a large percentage from the Kivalliq region, and developing local business

\$5.5 billion in capital, operating and decommissioning expenditures over 20 years (based on current resources)

Project Location



Vision for Local Contracting

**To maximize the use of local contractors,
while obtaining quality services at
competitive prices.**

**2007 to Present - Exploration, and
Environmental Assessment**

**From 2017 – Construction, Mining and
Decommissioning**

Kiggavik Northern Contracting - Exploration and Environmental Assessment

	2007	2008	2009	2010	2011	2012 (to Oct 31)	Total
Inuit Owned companies	\$1.3M	2.0M	\$1.8M	\$2.2M	\$3.4M	\$2.5M	\$13.2M
Other Northern companies	\$1.1M	\$1.5M	\$1.0M	\$0.6M	\$0.3M	\$0.5M	\$5.0M
Total Northern	\$2.4M	\$3.5M	\$2.8M	\$2.8M	\$3.7M	\$3.0M	\$18.2M
Total Project Expenditures	\$9.5M	\$15.5M	\$19.0M	\$15.3M	\$13.3M	\$8.7M	\$81.3M
Northern Content	25%	23%	15%	18%	28%	34%	22%

Expediting

Contract with local supplier since 2007

- Typically 40 or more overland haul trips each year
 - Fuel and Materials
- \$1.9 Million



Camp Refurbishing and Expansion

Decided in 2007 to refurbish and expand the existing camp

- **Looked to local Suppliers**

Contracts with four local suppliers since 2007

- **Refurbish in 2007**
- **Expand in 2008 and 2009**
- **Maintain annually**
- **\$1.3M spent locally**



Local Workforce

**Decided in 2007 that much of the workforce should be local.
Negotiated an agreement with a local supplier that has been renewed**

- ▶ **10 to 20 workers each season**
- ▶ **More than 42,000 person hours**
- ▶ **\$1.5M in labour services**

Camp construction, camp operations, Wildlife Monitors, Geological Assistants

Some have worked at Kiggavik every year.

Efficient cost effective way to obtain these services.



Core Racks and boxes

**Began in 2007 by importing
core boxes**

**Approached local suppliers for
Interest**

**Contracts with local suppliers
since 2007**

- **>15,000 core boxes and 100 core racks**
- **>\$300,000**



Groceries and Catering

Groceries purchased locally since 2007

- \$1.2 Million

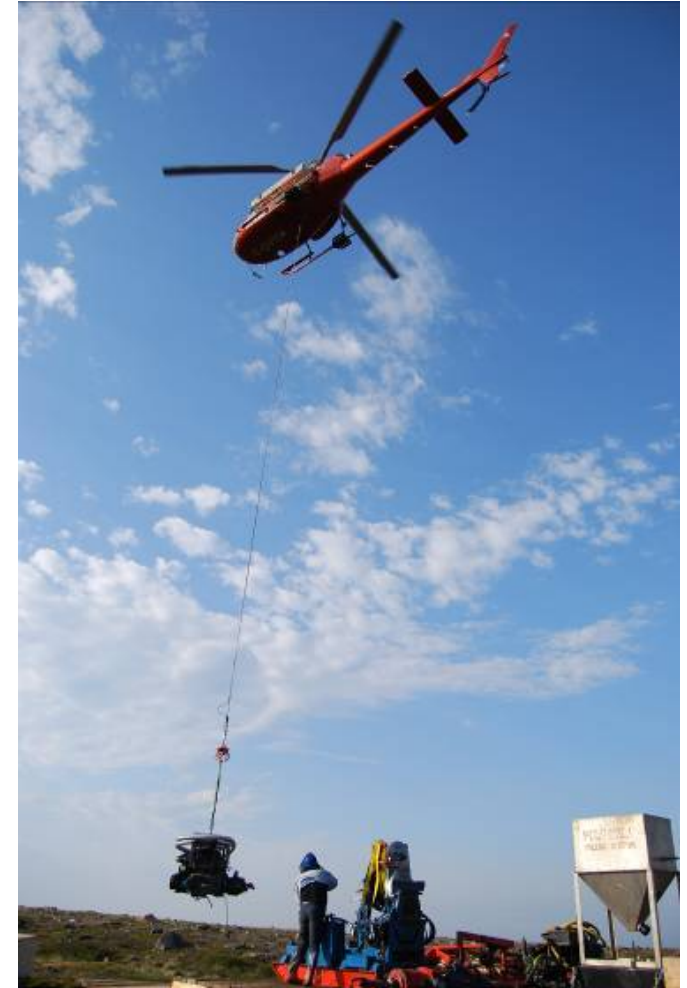
Catering has been bid each year and awarded to an Inuit JV since 2008

- \$0.6 Million



Helicopter Services

- **Competitively bid each year since 2007**
- **Two Inuit owned JV's successful since 2010**
 - **\$2.9 Million since 2010**



Fuel Supply

Jetfuel Purchased locally since 2007

- Drums in 2007 and 2008
- Bulk since 2009
- \$1.1M

Diesel Purchased from GN in 2007 and 2009 to 2012

- Drums filled locally in 2007
- Bulk since 2009
- \$0.65M

Transported during the overland haul



Environmental Consulting

Competitively bid for multi
year contracts

Two Inuit owned JVs
starting in 2008

- ◆ Marine Baseline,
Cumulative Effects,
Wildlife
- ◆ \$1.5M



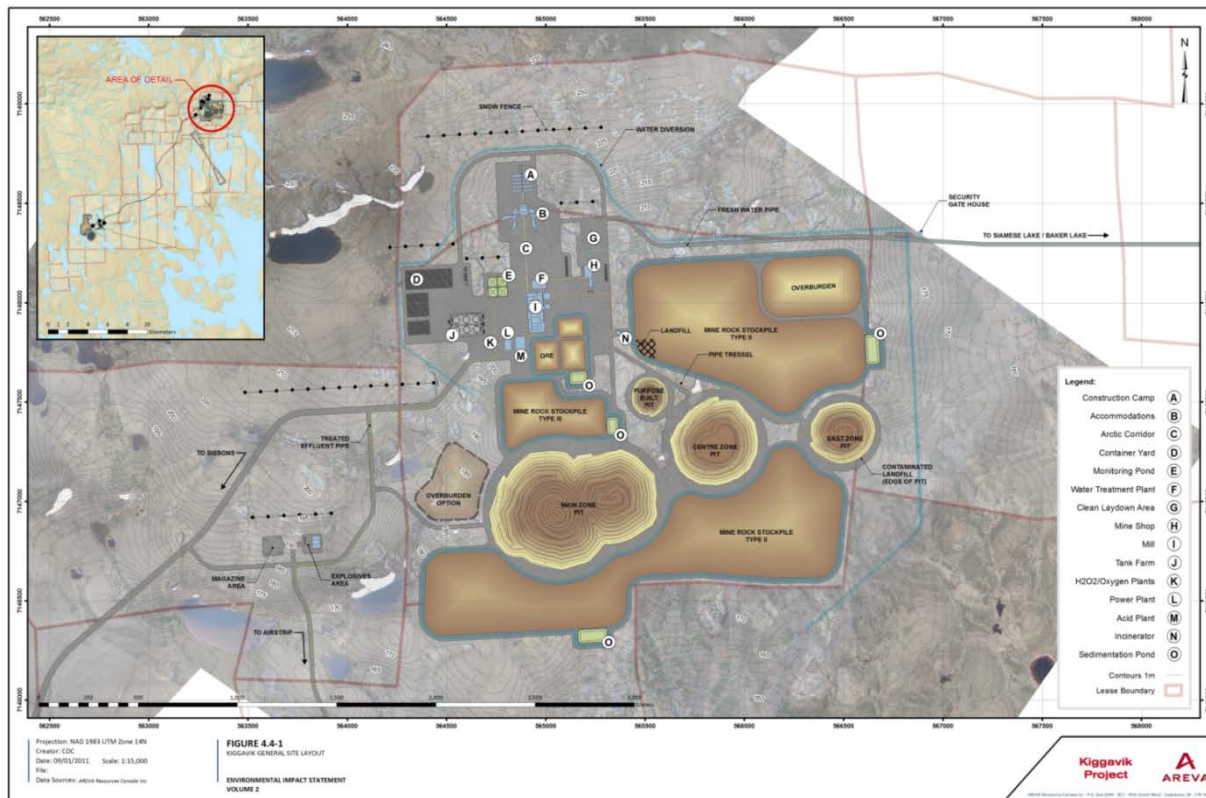
Experiences/ Lessons Learned

- ▶ **Many services for the Kiggavik Exploration and Environmental Assessment have been provided successfully by local suppliers**
 - ◆ **Expediting, Helicopter, fuel, groceries, catering, labour, construction, environmental services**
 - ◆ **Wholly owned Inuit owned companies, JV's with southern companies and non inuit owned companies with a significant presence in Nunavut**
 - ◆ **Services have improved with time**
- ▶ **Working closely with northern suppliers has been helpful**
 - ◆ **New services can be generated**
- ▶ **Where practical, considering the capacity of northern suppliers in contract design can improve northern participation.**
- ▶ **We've learned how to optimize the operation with time (e.g drums to bulk fuel is best for Kiggavik at this stage)**

Kiggavik Construction, Operations, and Decommissioning – 2017 and forward

► Estimated Expenditures of \$5.5 Billion

- ◆ \$2.1 billion Capital
- ◆ \$240 million per year operating for 14 years



Kiggavik Construction, Operations, and Decommissioning – 2017 and forward



▶ Preliminary list of Contracted Services Required

- ◆ **Construction – Site buildings, mill, tank farms, roadways**

- ◆ **Transport**

- 60 million litres of fuel and 80 thousand tonnes of goods to be transported by sea and road each year.
- 600 workers and 4000 tonnes of product to be transported by air each year

- ◆ **Groceries and catering**

- ◆ **Security**

- ◆ **Labour for specific work**

- ◆ **Fuel**

- ◆ **Operating supplies**

- ◆ **Training services**

Kiggavik Construction, Operations, and Decommissioning – 2017 and forward



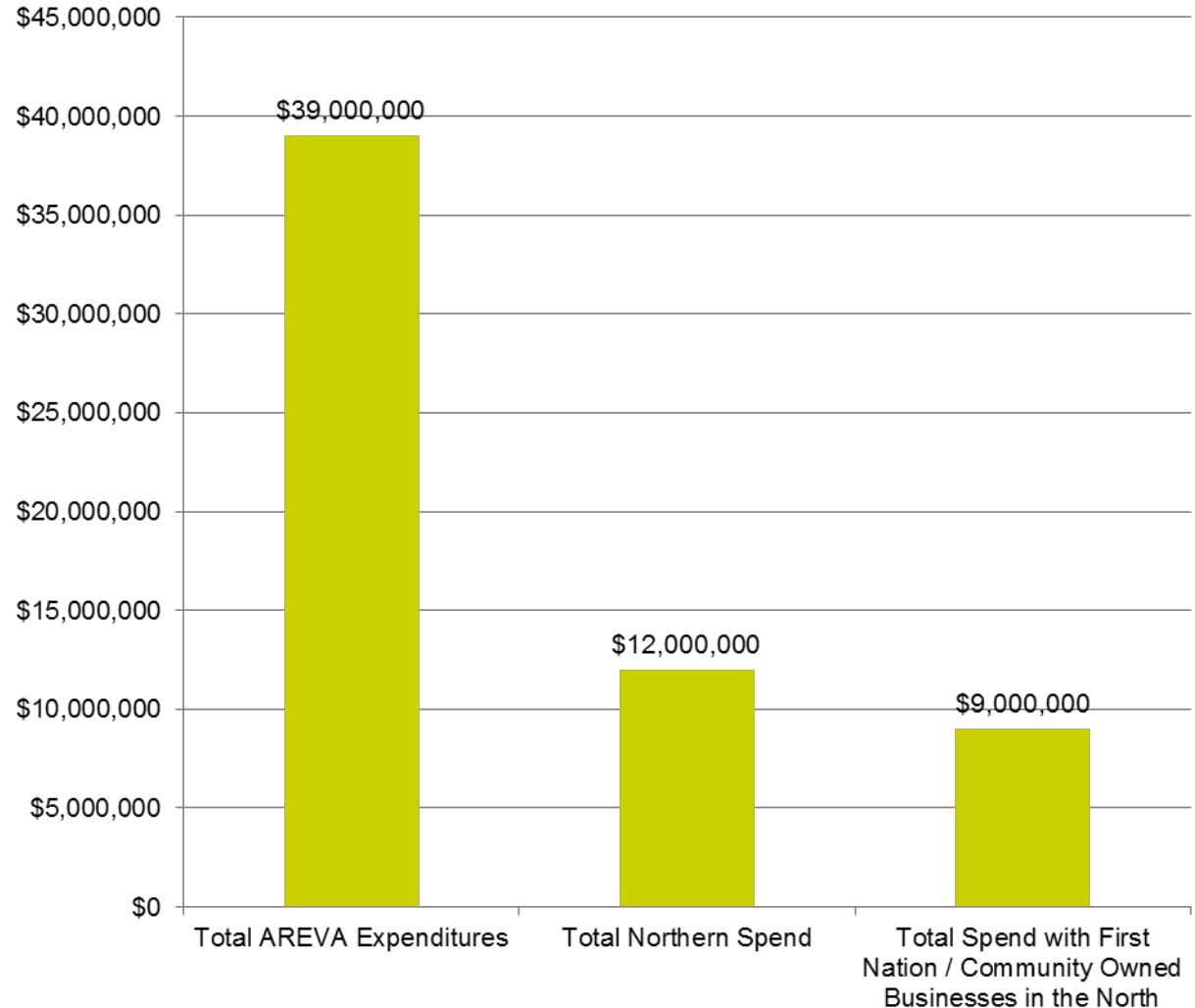
To maximize opportunities for businesses in Kivalliq to access opportunities to provide goods and services to the Project, AREVA plans to:

- ▶ Staff business development positions
- ▶ Maintain a database of Kivalliq Suppliers
- ▶ Set Annual Inuit Contracting Targets
- ▶ First invite Kivalliq businesses with capacity to supply to submit for some contracts
- ▶ Facilitate the participation of smaller businesses such as by breaking down packages
- ▶ Identifying synergies between the Project and Kivalliq businesses
- ▶ Working with Kivalliq businesses to facilitate forming of joint ventures with southern Canada businesses that have expertise in supplying the uranium mining industry
- ▶ Including in the evaluation criteria for contractors the extent to which they commit to similarly prioritize use of Kivalliq businesses in meeting their contractual obligations

Saskatchewan Uranium Mining AREVA Spending with Northern Businesses

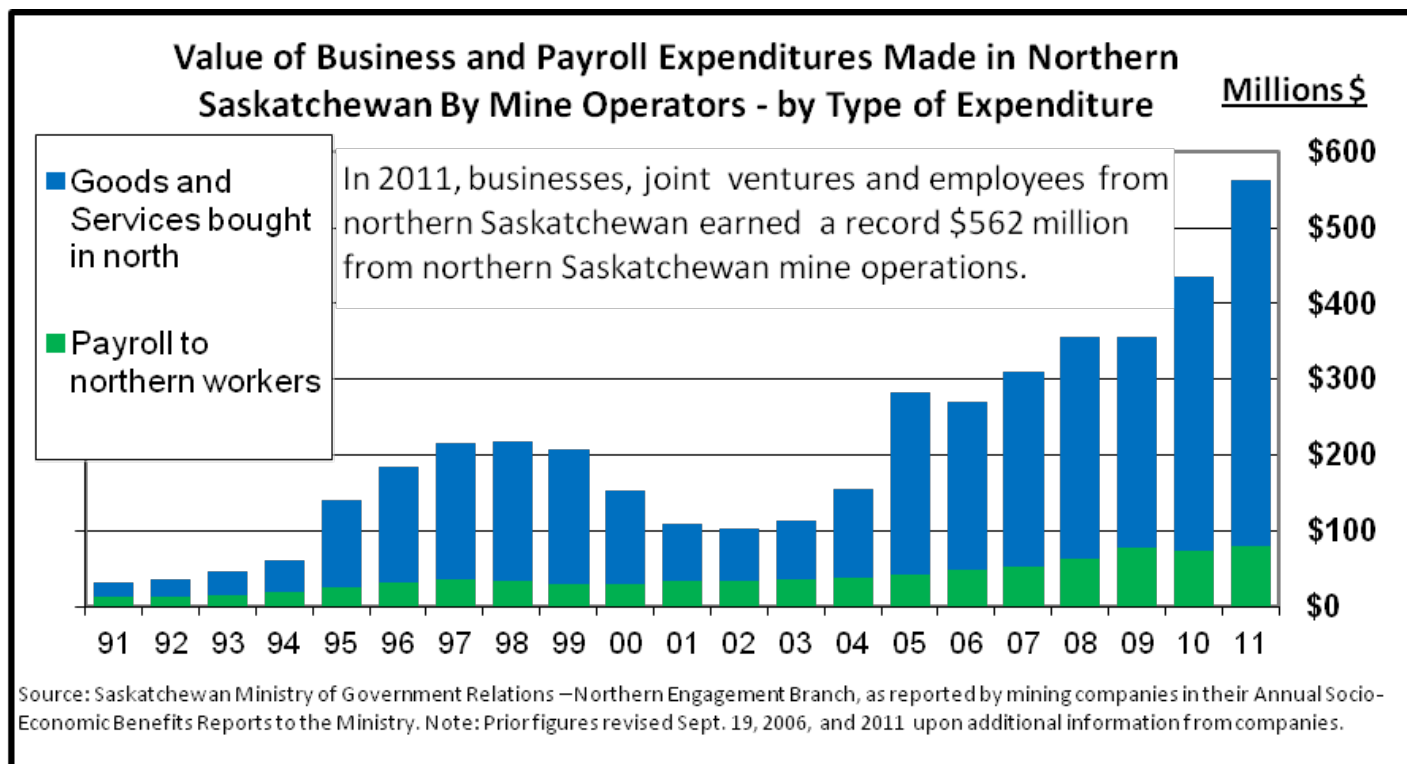
▶ As of October, 2012

- ◆ \$39M Spent
- ◆ \$12M with NAD Businesses (31%)
- ◆ \$9M with Aboriginal / Community Owned businesses (23% / 75%)



Northern Saskatchewan Mining

- ▶ In 2011, businesses, joint ventures and employees from northern Saskatchewan earned a record \$562 million from northern Saskatchewan mine operations.
- ▶ \$4.34 billion in goods, services and payroll was earned by northern businesses and residents since 1991



Concluding Remarks

Extrapolating from AREVA's experiences with mining in Northern Saskatchewan and with Exploration and Environmental Assessment in Nunavut, the value of contracts going to northern suppliers during construction and mining at Kiggavik could exceed \$1 billion.

